The minutes presented herewith are not a verbatim transcription of the Regular Board meeting held February 25, 2020. The intent is to provide a synopsis of key points of discussion and to chronicle decisions and actions taken by a quorum of the Board of Directors (ref: Roberts Rules of Order, Section 48). For more information or background, please refer to the applicable board packet.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE RINCON DEL DIABLO MUNICIPAL WATER DISTRICT
February 25, 2020

A Regular Meeting of the Board of Directors of the Rincon Del Diablo Municipal Water District was held on Tuesday, February 25, 2020 at 6:00 p.m. at the offices of the District located at 1920 North Iris Lane, Escondido, California 92026.

Directors Present: Lump, Murtland, Quist, and Towne.

Directors Absent: Drake.

District Staff Present: Clint Baze, General Manager; Jeff Umbrasas, Director of Administration and Finance; Julia Escamilla, Public Information Officer; Karen Falk, Senior Engineer; Tawni Alarid, Management Analyst; Josefina Traslavina-Washington, Accountant; and Wanda Cassidy, Clerk of the Board.

Legal Counsel Present: Gerry Shoaf, Legal Counsel, Redwine and Sherrill.

Guests Present: None.

President Murtland called the meeting to order at 6:00 p.m. General Manager Baze then led the Board of Directors and attendees in the Pledge of Allegiance to the Flag of the United States of America.

ADDITIONS/CHANGES TO AGENDA

There were no additions or changes to the agenda.

ORAL COMMUNICATIONS TO THE BOARD

There were no communications to the Board.
SECTION 1 - CONSENT ITEMS

In a motion by Director Quist and seconded by Director Towne, by a vote of 4-0, the Board of Directors passed the following consent items unanimously:

1-B. Minutes of the Regular Board of Directors Meeting of February 11, 2020.
1-E. Financial Statements, June, July, August, September, October, November, and December 2019.
1-F. Board of Directors’ Per Diem Fees and Expense Reports, January 2020.

Director Towne pulled Item 1-C, General Fund Disbursements, January 2020. Director Towne requested clarification on disbursements related to California Department of Tax and Fee Administration (CDTFA) and the Use Tax; Rancho Santa Fe Fire Protection District and a refund due to a downsized meter; SDG&E and the District’s energy bill; CalPERS administrative fees related to health benefits; Cintas and laundering of uniforms, mats, and towels; and, the United States Treasury. After staff provided clarification on the disbursements, President Murtland asked for a motion:

In a motion by Director Towne and seconded by Director Quist, by a vote of 4-0, the Board of Directors approved the following consent item unanimously:

1-C. General Fund Disbursements, January 2020.

SECTION 2 – EMERGENCY PREPAREDNESS & FIRE SERVICES


Rick Vogt, Chief of the Escondido Fire Department, reported on the following:

- The shroud on Chief Vogt’s badge is worn in honor of two firefighters who lost their lives fighting a fire in a library in Porterville. Two teenagers were arrested for the arson.
- On Saturday, February 29th, the Red Cross is hosting smoke alarm installation events at the Carefree Mobile Home Park and the Imperial Mobile Home Park on the east side on Valley Parkway.
COVID-19 is now in Italy and is spreading worldwide. A number of cases have been reported and it is likely to be declared a pandemic. The current fatality rate is at two percent, while the flu fatality rate is three to five percent.

Chief Vogt shared photos of the fully refurbished 1996 ladder truck he previously reported on. The ladder truck was stripped down and has been fully updated. The truck is back from the manufacturer’s facility and will be put back in service once a few additional items have been completed in the shop.

After the report, Chief Vogt answered Directors’ questions.

SECTION 3 – PUBLIC INFORMATION & INTERGOVERNMENTAL RELATIONS

3-A. Focus on Conservation – Update on District Conservation Programs, Regional Water Supplies, Statewide Water Resource Outlook and Legislation.

Public Information Officer Julia Escamilla followed-up on a request made by Director Towne at the last Board of Directors’ meeting regarding the CSDA Video Scholarship Program. Ms. Escamilla presented the three California-wide scholarship winning videos. Ms. Escamilla then announced the San Diego Chapter’s Video Scholarship Contest and the Field Trip Contest are currently underway.

SECTION 4 – FINANCE, INSURANCE & PERSONNEL

4-A. FY 2018-19 Year-End Financial Results.

Director of Administration and Finance Jeff Umbrasas presented FY 2018-19 Year-End Financial Results. The presentation at the January 28, 2020 Board of Directors’ meeting focused on the District’s audit and financials. During this presentation, Mr. Umbrasas focused on the District’s revenue and expenses, working capital and the available fund balance, and reserves and fund balances for both potable and recycled water funds.

Mr. Umbrasas reported potable year-end revenues were at $19,973,034 and were on target. Potable year-end expenses were at $13,178,651 and were 13 percent under budget, mainly due to fewer water purchases due to the wet year.

Recycled revenues were received at over $897,000, which is $190,000 or 26.5 percent over projection. Recycled water expenses were at $370,364, which is $14,254 or 4.0 percent over budget.
Overall, between both the potable and recycled funds, the District started the year with unspent prior year appropriations of over $8.3 million. $1.8 million was added to the CIP as part of the FY 2018-19 appropriation with no new appropriations being requested during the year. With Board approval, staff released approximately $131,000 back to fund balance from closed projects. Expenditures on capital projects during the fiscal year totaled over $4.3 million, as the District was quite active with a number of large projects. The result of all of these transactions is an unspent balance of $5.7 million at the end of FY 2018-19, which gets rolled over to the next fiscal year.

Fire revenues were received at $2.4 million, which is $261,000 or 12.2 percent over projection. Expenses finished the year at $2.3 million, which is $163,000 or 7.6 percent over budget.

The District ended FY 2018-19 with a total net position of just over $64.1 million for its water activities, both potable and recycled combined. The District ended FY 2018-19 with an Available Fund Balance, sometimes referred to as Working Capital or Liquid Assets, of over $29.5 million.

Carrying forward the available fund balance of $29.5 million, the District has four reserves, with established minimum and maximum target levels. The District also has several restricted funds, which have targets set as required at the end of the year based on activity. At the end of FY 2018-19, the District was able to fund all of its reserves at their maximum target levels. The District is also funding its capacity fee funds as required and has reserved funding for potential future use related to prior year capital contributions. Overall, $22 million has been set aside for reserves and restricted funds. With the $29.5 million available, and $22 million reserved and restricted, the District has an additional available funding of $7.5 million at year-end.

Mr. Umbrasas then presented the Historical Annual Financials & Metrics. After the presentation, Mr. Umbrasas answered questions from Directors.

Received and filed the FY 2018-19 Year-End Financial Results.

4-B. FY 2019-20 Mid-Year Budget Report.

Director of Administration and Finance Umbrasas presented the FY 2019-20 Mid-Year Budget Report. The current FY 2019-20 budget is the first year of a two-year operating and capital budget. The presentation included the status of revenues, expenditures, and capital projects as of December 31, 2019, which is 50 percent of the year complete. There are no mid-year budget adjustments being requested at this time. Highlights include the following:
• Potable water, through mid-year, collected revenues of over $9.9 million, or 48.5 percent of projection.
• Potable water’s mid-year expenditures are at $7,009,404, or 46.1 percent of projection.
• Under potable water capital projects, the budget included a prior-year carryover of $2,528,789. FY 2019-20 appropriations of $3,155,000, totaling $5,683,789 for the beginning of the year unspent funds. FY 2019-20 expenditures are at $60,357 with mid-year unspent appropriation at $5,623,432.
• Recycled water revenues have been received in the amount of $709,000 through mid-year or are at 73.7 percent of projection.
• Recycled water expenditures through mid-year have totaled $192,000 or are at 36 percent of projection.
• Recycled water capital projects began the year with $3,222,705 in funds with $416,374 in expenditures, leaving approximately $2.8 million.
• Mid-year fire fund revenues were at $949,271, or 43.9 percent collected through mid-year. Mid-year expenditures were at $1,229,052, or 56.9 percent has been expended through mid-year. Fire Fund revenues should match expenditures at year-end.

Received and filed the FY 2019-20 Mid-Year Budget Report.

4-C. Approve Professional Services Agreement with Financial Credit Network to Provide Collection Services.

Mr. Umbrasas brought forward Approve Professional Services Agreement with Financial Credit Network to Provide Collection Services. Staff is recommending that the Board of Directors authorize the General Manager to enter into a Professional Service Agreement with Financial Credit Network Inc. (FCN) for a not-to-exceed amount of $15,000 annually to perform collections services.

In August 2019, the District’s collections agency, Valley Creditors, notified the District that it was closing operations and would no longer be able to provide collections services. At that time, the District initiated a formal Request for Proposals process to select a new collections agency. The only proposal received was from FCN. Staff did have prior experience with FCN related to their work with other public agencies. A formal interview was held on January 29, 2020.

Mr. Umbrasas reported that FCN submitted a strong proposal. The base percentage fee proposed by FCN was five percent lower than the previous vendor. In addition, FCN has a customer and client web portal and offers a variety of training and education workshops which will be advantageous for customer service staff.
Based on FCN’s proposal, the base percentage fee, a customer and client friendly web portal, and positive interview, staff is proposing a three-year agreement for collections services with FCN, with two additional one-year options. The annual amount of the contract is not to exceed $15,000 annually. As FCN is paid based on a percentage of amounts actually collected, and it is impossible to predict future collections activity, it is not possible to determine an exact amount for the contract. A not-to-exceed amount was provided based on currently available information.

After staff answered questions from Directors, President Murtland asked for a motion:

In a motion by Director Quist and seconded by Director Lump, by a vote of 4-0, the Board of Directors unanimously authorized the General Manager to enter into a Professional Service Agreement with Financial Credit Network Inc. for a not-to-exceed amount of $15,000 annually to perform collection services.

SECTION 5 – OPERATIONS; ENGINEERING & LONG-RANGE PLANNING

5-A. Consider Resolution No. 20-02, “Acceptance of Formal Terms and Conditions from the San Diego County Water Authority and the Metropolitan Water District for the Concurrent Annexation of the Sringeri Vidya Bharati Foundation Temple.”

General Manager Clint Baze and Senior Engineer Karen Falk brought forward consider Resolution No. 20-02, “Acceptance of Formal Terms and Conditions from the San Diego County Water Authority and the Metropolitan Water District for the Concurrent Annexation of the Sringeri Vidya Bharati Foundation Temple.” District staff is requesting the Board of Directors consider and approve Resolution No. 20-02.

The Sringeri Vidya Bharati Foundation has requested annexation of a 19.52-acre parcel to the District to secure water services for its temple and additional onsite facilities. The parcel is located adjacent to the east side of the District’s service area and is within the existing sphere of influence. The annexation to the District, SDCWA, and MWD will occur concurrently in conformance with San Diego Local Agency Formation Commission (LAFCO) guidelines.

In 2018, the Board of Directors’ approved Resolution 18-02 (as modified in Resolution 18-02.1) requesting the SDCWA and MWD Boards establish the terms and conditions for the concurrent annexation. Following District Board approval of this resolution, SDCWA initiated its Board approval process. The SDCWA
Board reviewed and approved Resolution 2019-01 at its January 16, 2019 meeting, establishing preliminary, informal terms and conditions and requested MWD set formal terms and condition. This approval allowed the request for formal terms and conditions to move to the MWD Board for consideration. At its January 14, 2020 meeting, MWD Board of Directors approved formal terms and conditions as defined in Resolution 9263.

The next step in the annexation process is for the District to adopt Resolution 20-02 accepting the SDCWA and MWD terms and conditions. If approved, SDCWA will approve the final terms and conditions and the annexation will be forwarded to LAFCO.

After staff answered questions from Directors, President Murtland asked for a motion:

In a motion by Director Quist, and seconded by Director Towne by a vote of 4-0, the Board of Directors unanimously approved Resolution No. 20-02, “Acceptance of Formal Terms and Conditions from the San Diego County Water Authority and the Metropolitan Water District for the Concurrent Annexation of the Sringeri Vidya Bharati Foundation Temple.”.

5-B. Engineering Update.

Senior Engineer Karen Falk presented an Engineering Update. The update included a status and timeline on current engineering projects.

- GIS – The GIS server setup has been completed. ArcGIS Online, (the web-based viewer) is now available. Updates to the database including the addition of new information system upgrades, comments, sewer, etc and revisions to MapBooks are ongoing. In the near future, technicians will be provided I-pads or tablets to log-on to access GIS data.
- Water Master Plan – The Water Master Plan project is underway. The project includes an analysis of existing and projected water systems, establishing and prioritizing projects, and a capacity fee analysis. The Request for Proposals and its timeline are expected to be approved at the March 24, 2020 Board of Directors’ meeting with the consultant selection approval expected to be on the May 26, 2020 Board of Directors’ meeting agenda.
- Urban Water Management Plan (UMWP) – This project consists of the five-year update of the 2015 UWMP which includes long-range water supply planning, a drought risk assessment, and a water shortage contingency plan. The schedule is as follows:
• Spring 2020: The Department of Water Resources will be preparing an Urban Water Master Plan Guidebook. SDCWA will start their UWMP.
• The District will be working concurrently with SDCWA to ensure continuity on plans. A workgroup has been gathered.
• Summer 2020: A draft guidebook is expected.
• The Request for Proposals (RFP) review will take place at the ELRP Committee meeting on June 17, 2020 and go to the full Board of Director for approval on June 23, 2020.
• The update is due to DWR by July 1, 2021.
• District Specs and Standards – This project is underway. The kickoff meeting was held on February 10th and Infrastructure Engineering Corp (IEC) is working on the first draft. The IEC team includes a former engineering manager for Olivenhain and a large number of standards Olivenhain used historically may be adopted by the District, resulting in a significant cost-savings. This project is expected to be completed this fiscal year.
• Citracado Bridge – This project is being led by the City of Escondido. Constructability review, including reviewing construction sequencing, studying minimizing customer impacts, and working with the City of Escondido to incorporate comments prior to bidding has begun.
• I-15 Crossings - Design at freeway crossings is nearly completed. Caltrans will review the design next. Staff is looking at adding items to the scope of work to enhance the shutdown capability of the project.

After the presentation, staff answered questions from Directors.

SECTION 6 – SEWER

6-A. Update on the Harmony Grove Village Sewer Treatment Plant.

General Manager Baze provided an update on the Harmony Grove Village Sewer Treatment Plant. The Operations and Maintenance Agreement with Dudek has been executed. Engineering Technician Gio Goggia prepared an extensive preventative maintenance plan for all equipment at the sewer treatment plant and lift station. All utility services, ADT Security, and disposal services accounts have been transferred to the District. Staff is currently working on contracts for sludge disposal, chemicals, laboratory analysis and other miscellaneous items, including a contract with Downstream Services to respond to any stoppages, spills, or problems in the collection system. Downstream Services will also take video of the collection system to determine at what frequency cleaning needs to take place.
General Baze then reminded Directors that the Harmony Grove Sewer Treatment Plant Open House will be held on April 18th. Staff is preparing for the event.

SECTION 7 – SDCWA DIRECTOR’S REPORT & DIRECTORS/STAFF ACTIVITIES REPORT

7-A. This portion of the agenda may be used by the San Diego County Water Authority (SDCWA) representative to make informal reports on activities.

President Murtland reported although the SDCWA Board Meeting will be held until Thursday, February 27th, it has been announced that former President of the SDCWA Board Mark Watton is retiring.

President Murtland then answered questions from the Directors.

7-B. This portion of the agenda may be used by the Board of Directors or management to make informal oral reports on their activities.

- Director Quist reported on the Urban Water Institute Conference.
- Director Towne reported on COWU and Guejito Ranch.
- President Murtland reported on the Urban Water Institute Conference.
- Director Lump reported on the Urban Water Institute Conference.

7-C. This portion of the agenda may be used by the Board of Directors to request items for future agendas.

There were no requests.

7-D. Request Approval for a Board Member(s) to Attend Upcoming Meetings Conferences; or Seminars for Those Not Authorized in the District’s Administrative Code, Section 502 “Authorized District Memberships.”

There were no requests.


Directors did notice delinquent notices were up. General Manager Baze made Directors aware that training for both Operations and Administrative staff will be increasing.

Directors also requested additional information regarding upcoming conferences be added to the calendar.
7-F. Approve Resolution 20-01: Approve Resolution 20-01: Approve Resolution No. 20-01: Placing in Nomination Diana L. Towne as a Member of the California Special Districts Association Board of Directors, Seat B – Southern Network.

Director Towne withdrew her nomination to the California Special Districts Association Board of Directors.

SECTION 8 – GENERAL MANAGER’S REPORT

8-A. General Manager’s Oral Report

General Manager Baze confirmed the Harmony Grove Sewer Treatment Plant Open House will be held on Saturday, April 18th.

SECTION 9 – LEGAL MATTERS


Open Session
Nothing to Report.

9-B. Closed Session

a. CONFERENCE WITH LEGAL COUNSEL – LITIGATION, Litigation pursuant to Government Code Section 54956.9(d)(4): San Diego County Office of Education, et al. v. The County of San Diego, et al. (This is a long-term item related to dissolution of redevelopment agencies and successor agencies and will remain on the agenda as long as Rincon Water is involved. No action is required on our part at this time.)

b. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION pursuant to Gov. Code Section 54956.9(d)(4) to discuss potential litigation (one case).

There was no discussion.
ADJOURNMENT

There being no further business before the Board of Directors, the meeting was adjourned by President Murtland at 8:35 p.m.

APPROVED: ____________________________
James B. Murtland, President

ATTEST: ________________________________
Wanda Cassidy, Clerk of the Board